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Memorandum to The Advisory Board on Tariff and Taxation by The Canadian Pulp and Paper Association.

We are opposed to the application for the imposition of a duty on limestone rock, and also against an increase in the duty on lime, for the following reasons:

First in regard to limestone rock:—

(1) As disclosed in the briefs of the applicants, and in the evidence given at the first hearing, there is an economic situation which no reasonable tariff can correct.

(2) The duty of $1.00 a ton asked for would be equivalent to from 66-2 3% to 150% ad valorem according to the varying prices charged in different parts of the country. The import prices, placed on the record by the Secretary of the Board, work out as follows:—

1922—50 cents a ton,
1923—60 cents a ton,
1924—64 cents a ton,
1925—66 cents a ton.

(3) The import figures for 1926 and 1927 work out at 66 cents per ton.

(4) The sale of a low priced, bulky and heavy commodity like this is circumscribed except where quality considerations enter into the picture, by the location of the quarries in their relation to the location of the pulp and paper mills or other consumers, they can supply; in other words, freight and location are very important factors in the sale and to some extent also the price. The advantage in freight charges which Canadian quarries economically located in relation to the location of the consuming mills have over rock from the United States quarries constitutes a real protection.

(5) The question of quality of rock is a very important factor, and proper chemical analysis is most necessary.

(6) It is very doubtful whether even in the event of the imposition of the duty, Canadian quarries not economically situated but with proper quality of rock, would get the business, because the duty of $1.00 a ton might not offset their freight disadvantages.

(7) Attached hereto is a map showing the location of the various Canadian pulp mills, and the location of the nearest quarries in Canada and the United States, together with a statement showing the mileage between the quarries and the pulp mills.

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We believe a study of this map will show that in point of mileage Canadian quarries have the advantage as respects 80% of the pulp mill business, and that such advantage is of a substantial character, affording real protection when proper quality can be supplied by Canadian quarries.

(8) It has been found difficult to get reliable freight rates in most cases, because there is no freight movement from most United States quarries. However, we attach hereto, marked "A", a table of freight rates from Canadian and United States quarries to different points.

(9) The trade figures published by the Government do not show the sales of limestone rock for pulp purposes separately, but taking the Canadian industry as a whole, and quoting from the last published figures 6,438,379 tons of limestone valued at $7,145,917 were produced in Canada in 1927. The imports for that year were $520,000, of which $213,609 represented the value of refuse stone used chiefly for iron and steel, road making and pulp purposes.

The figures for the previous year production in Canada were 5,263,745 tons, valued at $5,657,328; imports $535,000 of which $220,177 represented the value of refuse stone.

(9½) On the average 350 to 400 pounds of rock are used in making a ton of pulp.

(10) It has been the policy of Governments of Canada for many years to provide free entry for crude materials of this character. For instance, the following materials are allowed free entry:

All classes of ground clay and stone,
Silica, ground,
Pumice stone, ground,
Ores of metal,
Crude gypsum.

(11) Dr. Wilson, of the Dominion Mines Department, who gave expert testimony, stated:

"The territory between Lake Winnipeg and Lake Superior and to the north of Lake Superior and Lake Huron is not well supplied with limestones, and the industries in that territory, principally the iron and steel plants at the Soo and also the paper mills developing along the line of the Canadian National Railway and at several other points in that territory will have to look outside of that territory for sources of supply of their lime. At the present time some limestone is coming into that territory from the vicinity of Lake Temiskaming; that is the territory to the north of New Liskeard, and some is coming in from the deposits in Manitoba, but I should judge from the briefs that have been pre sented that the major portion is coming in from the limestone deposits in Michigan. The industries that would be affected by any change in the tariff are principally those located in that territory."

Clothes - Sewing Machines -

(12) In regard to the request of the applicants for the withdrawal of the export drawback privilege, it is submitted that the principle underlying the export drawback law, which, by the way, has been on the Statute books for forty years or more, is that Canadian manufacturers or producers must not be under any duty handicap in their export trade, otherwise they could not do the trade. That is a sound principle and to interfere with it, or make any exception therefrom, would, we feel, be disastrous to the export business of the country in manufactured products.

The arguments in regard to quality, freight advantages and disadvantages and export drawback also apply to lime.

(13) Judging from the latest published statistics it does not appear that the Canadian industry producing lime is suffering greatly. During 1927, the production of lime in Canada, that is to say quick lime, and hydrated lime, amounted to $3,923,388, of which $3,081,891 was quick lime, and $841,497 hydrated lime. The importations for that year for both classes of lime were only $70,075, and it is worthy of note that exports of lime for that year from Canada amounted to ~~$3,067,889.~~ 3641.939.

The production of lime for 1927 was a new high record, being an advance of 7½% in quantity over 1926, and it is interesting to note from the last published bulletin of the Dominion Bureau of Statistics, that the outlook for a still greater production of lime during 1928 is favourable.

We make the following quotations from that bulletin:—

(14) The industry is now practically in the hands of the large producers and each year fewer of the small potkilns, which formerly dotted the countryside in the limestone areas are operated. There has been a marked improvement in the methods and machinery used in the lime industry during recent years and costs have been lowered. This improvement in technology will undoubtedly be more marked in the near future for the lime industry might now be turned a key industry among the manufacturing industries of the world and more and more attention is being devoted to its improvement each year.

Quick lime is now dutiable at 17½ per cent. On the basis of a duty of $2.00 per ton, asked for, the equivalent ad valorem duty would be from 25% to 30%.

On the average 430 pounds of lime are used in making a ton of pulp.

Consuming Points	Commodity	Shipping Points	Rates in Cents per 100 Pounds	Distances
Pine Falls, Manitoba	Limestone	Moosehorn, Man.	9	195
		Blaney Jct., Mich.	23	825
Fort William, Ontario.	Limestone	Moosehorn, Man.	16	558
		Blaney Jct., Mich.	22	775
Smooth Rock Falls, Ontario.	Limestone	Moosehorn, Man.		
		Blaney Jct., Mich.	21½	871
			30	485
		Moosehorn, Man.	33½	871
		Fourth Chute, Ont.	29	467
	Lime	St. Marc, Que.	25½	558
		Joliette, Que.	27	605
		Manistique, Mich.	30	503
Sault Ste. Marie, Ontario.	Limestone	Moosehorn, Man.	36	1066
		Blaney Jct., Mich.	$1.00 per gross ton	91
Sturgeon Falls, Ontario.	Lime	Moosehorn, Man.	50	1166
		Eganville, Ont.	15½	214
		Fourth Chute, Ont.	15½	208
		Puslinch, Ont.	19	339
		Kelso, Ont.	21	246
		Manistique, Mich.	21½	345
Hull	Rock and Lime	Hull, Que.		
		Ogdensburg, N.Y.	15	70
Thorold, Ontario	Rock and Lime	Beachville, Ont.	12½	100
		Chaumont, N.Y.	35	238
Temiskaming, P. Q.	Rock and Lime	Eganville, Ont.	15½	225
		Chazy, N.Y.	47½	500
Windsor Mills,	Lime	Lime Ridge, P. Q.	12½	42
	Rock		11¼	
	Lime and Rock	Winooski, Vt.	31	183
East Angus, Que.	Rock,	Lime Ridge, Que.	11¼	10
	Lime,	Lime Ridge, Que.	12½	
	Rock and Lime,	Richford, Vt.	14	75
Trois Rivieres	Rock and Lime	Joliette ,Que.	9½	53
		Winooski, Vt.	28	150
Shawinigan Falls	Rock and Lime	Joliette, Que.	10½	76
		Winooski, Vt	29½	170
Donnacona	Rock and Lime	Baie St. Paul, Que.	9¼	189
		Winooski, Vt.	31	265

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